



## Public Service Commission

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Rory M. Christian, Chair

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## **Average Summer Residential Electric Prices Expected to be Higher Than Normal**

### **Electric Supply Price Increases Attributed to Global Increase in Natural Gas Prices**

### **Peak Summer Demand for Electricity Continues to Fall Due to Energy Efficiency Efforts**

**ALBANY** — The New York State Public Service Commission (Commission) today announced that New York's electric grid and its electric utilities are prepared for increased summer demand for electricity. However, the price for electricity paid by full-service residential customers on average is expected to be higher than a year ago, depending on demand and weather conditions.

"New York, like every other state, continues to experience higher than normal commodity prices compared to where prices were several years ago, and that is expected to continue throughout the coming summer," **said Commission Chair Rory M. Christian.** "Because of an expected increase in generator fuel costs as well as the changes in capacity prices and obligations, residential and commercial customers may experience higher commodity bills this summer than last."

There are many factors that are forcing prices higher, most notably higher demand due to a robust economy and price increases due to international uncertainty regarding energy supplies, two critically important factors that are both outside of the control of the Commission. Given those factors, the Commission works tirelessly to mitigate price increases in areas that are within its control, including Commission-ordered programs to lower demand. The Commission also requires the utilities to mitigate volatility in prices, which will help to ensure price stability for consumers. Further, the Climate Leadership and Community Protection Act has aggressively put New York State on a path of greater renewable energy, which will significantly reduce dependence on fossil fuels and lessen price increases related to fossil fuel volatility.

As a result of a rapidly rebounding economy, electric energy market price futures are up in all zones compared to last summer when New York experienced an economic downturn. Overall, the Statewide average residential full-service commodity rate is expected to be about 12 percent higher than last summer, but may vary depending on the customer's location in the State.

This increase is consistent with increases that have occurred over each of the last two summers of approximately 11 percent per year, and would be a return to 2014 price levels after the recent period of low supply prices. The electric supply price increase can broadly be attributed to the global increase in natural gas prices.

In the summer of 2013, New York State set an actual record peak load of 33,955 MW. Peak load this summer is forecast to be of 31,765 MWs, slightly lower than last year's actual peak of around 31,000 MWs. Installed generating capacity for 2022 totals 37,537 MW. Combining the installed generation capacity with other resources provides New York with a total of 41,166 MW worth of capacity resources for 2022, well above what is the expected need.

Thanks to energy efficiency and system improvements, the current peak forecast for 2026 is about 2,000 MW less than its 2016 forecast. By 2032, the combined effect of the energy efficiency and demand reduction programs are projected to help lower the peak demand by over 6,400 MWs. A 2,000 MW decrease in peak demand is the equivalent of the electricity generated by several large power plants, enough to supply approximately 1.75 million average-size homes. Reducing the amount of electricity that's consumed daily and during the hottest days of summer provides significant benefits to consumers and the environment.

To further help curb peak energy system demands, each of the utilities have load relief programs in which customers are compensated for providing load reductions when called upon. Currently there is an estimated 1,100 MW enrolled in these programs for 2022 to further facilitate peak demand reductions during the summer's hottest days. The Commission and other State agencies have very active programs designed to reduce the impact of high utility bills on low-income customers.

In a related action, the Commission modified the process by which Consolidated Edison Company of New York, Inc. (Con Edison) accounts for costs related to the purchase of the electricity it supplies to customers. As a result of this change to its electric supply cost recovery mechanism, or MSC, Con Edison will now calculate the energy component of the MSC using forecasts of energy prices each month along with estimates of associated hedging impacts.

The reason for the change is to reduce the likelihood of significant customer bill volatility during the coming summer season. These changes better align Con Edison's supply purchase process with nearly all other large electric utilities in New York. This is important because the other large utilities experienced significantly less full-service mass-market bill volatility this winter season.

Today's decisions may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Numbers 22-E-0139 [Summer Preparedness] and 22-E-0150 [Con Edison tariff] in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.